

City of Detroit

OFFICE OF THE AUDITOR GENERAL



**Audit of the
Municipal Parking Department
July 2006 – June 2008**



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LOREN E. MONROE, CPA
AUDITOR GENERAL

MEMORANDUM

DATE: April 17, 2009

TO: Honorable City Council

FROM: Loren E. Monroe, CPA *Loren E Monroe*
Auditor General

RE: Audit of the Municipal Parking Department

C: Mayor Kenneth V. Cockrel, Jr.
Shawntuan DeBerry, Director, Municipal Parking Department
Joseph L. Harris, Chief Financial Officer

Attached for your review is our report on the audit of the Municipal Parking Department. This report contains our audit purpose, scope, objectives, methodology and conclusions; background; our audit findings and recommendations; and the responses from the Municipal Parking Department and the Finance Department.

Responsibility for the installation and maintenance of a system of internal control that minimizes errors and provides reasonable safeguards rests entirely with the Municipal Parking Department and the Finance Department. Responsibility for monitoring the implementation of recommendations is set forth in section 4-205 of the City Charter which states in part:

Recommendations which are not put into effect by the agency shall be reviewed by the Finance Director who shall advise the Auditor General and the City Council of the action being taken with respect to the recommendations.

Copies of all of the Office of the Auditor General's reports can be found on our website at http://www.ci.detroit.mi.us/legislative/CharterAppointments/AuditorGeneral/audit_main_frame.htm

Audit of the Municipal Parking Department

July 2006 – June 2008

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AUDIT PURPOSE, SCOPE, OBJECTIVES, METHODOLOGY AND CONCLUSIONS

AUDIT PURPOSE

The audit of the Municipal Parking Department (MPD) was performed in accordance with the Office of the Auditor General's (OAG) Charter mandate to audit the financial transactions of all City agencies at least once every two years and report findings and recommendations to the City Council and the Mayor.

AUDIT SCOPE

The scope of this audit was a review of the imprest cash funds and other cash related functions except parking meter and ticket collections of the MPD for the period July 1, 2006 through June 30, 2008.

Our audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States, except for the completion of an external peer review of the Office of the Auditor General within the last three years.

AUDIT SCOPE LIMITATION

We were unable to accomplish all of our audit objectives because the MPD was unable or unwilling to provide all of the requested documentation and information. Therefore, our report is limited to those issues for which we had adequate information and documentation to support our conclusions.

AUDIT OBJECTIVES

The overall audit objectives were:

- To determine if there are adequate controls over cash receipts.
- To determine whether the actual amount of the imprest cash funds is in agreement with the authorized amounts.
- To determine whether imprest cash transactions are properly authorized.
- To determine if imprest cash is safeguarded against loss, theft, and unauthorized or improper use.
- To determine if the MPD is in compliance with the Finance Department's Imprest Cash Manual, relevant Finance Directives and other Finance Department policies.
- To conduct a follow-up review of any cash-related audit findings from the prior audit report.

AUDIT METHODOLOGY

To accomplish our audit objectives, our audit work included:

- Review of prior audit reports of the MPD.
- Interviews with staff of the MPD, and documentation of the processes for imprest cash transactions and cash receipts transactions for the parking facilities.
- Review of internal controls related to topics included in the City's Imprest Cash Manual, along with relevant Finance Directives and Finance Department procedures.
- Review of imprest cash documents from the MPD and from the Accounts Payable Section of the Finance Department.
- Unannounced counts of the imprest cash funds.
- Determination of the status of the findings and recommendations related to imprest cash and other cash transactions included in prior audit reports.
- Other audit procedures that we considered necessary to achieve our audit objectives.

CONCLUSIONS

As a result of our audit we have concluded that the management of the MPD lacks appropriate controls, oversight and understanding of the financial processes of the department. Specifically,

- The MPD management does not provide the necessary oversight of the cash receipts and imprest cash processes, and does not properly verify revenue received from contracted management companies.
- The actual amounts of the imprest cash funds were not in agreement with the authorized amounts.
- Imprest cash transactions were not always properly authorized.
- Imprest cash was not adequately safeguarded against loss, theft, and unauthorized or improper use.
- The MPD was not in compliance with the City's Imprest Cash Manual, relevant Finance Directives, and other Finance Department policies.
- The cash-related findings from the prior audit were not resolved.

RECOMMENDATIONS

In light of the City's continuing structural deficit, the necessity for reducing operating costs, and keeping in mind that the provision of off-street parking is not one of the City's core missions, the Office of the Auditor General recommends that consideration be given to restructuring the MPD. Two options are discussed below.

The MPD currently oversees two disparate functions: providing off-street parking, and the enforcement of on-street parking ordinances, the collection of fines, and the servicing and maintenance of parking meters. These functions require two very different management skill sets. The first function is an enterprise operation while the second function is part of the general fund.

Long-term Leasing of the Parking Structures

Currently, the MPD has contracts for third parties to manage all of the parking facilities. The management companies are paid fees for collecting revenues for the City. Leasing the parking facilities on a long-term basis would provide the City with either a fixed revenue stream or a combination of a fixed payment plus a percentage of revenues generated by the facilities while relieving the City of any operating requirements. The City would retain ownership of all of the facilities.

Separation of Functions of the MPD

Alternatively, the City could separate the functions of the MPD. The functions of the Auto Parking System (APS) could become a stand-alone enterprise operation while the functions of the Parking Violations Bureau (PVB) could be transferred to existing City departments more suited to the management of the PVB's activities. Parking ticket collection could be transferred to the Administrative Hearings Department as both the PVB and the Administrative Hearings Department already share a contract to handle the collection of both parking fines and other citations. The parking enforcement function could be added as a division of the Police Department. Meter maintenance could be incorporated into another department such as the General Services Department.

BACKGROUND

The Municipal Parking Department's (MPD) mission is to provide and promote economically on and off-street public parking services; to enforce City of Detroit parking ordinances; and to coordinate parking with economic development projects throughout the City of Detroit. The MPD is organized into two core divisions, the Auto Parking System (APS), which is one of the City's enterprise agencies, and the Parking Violations Bureau (PVB), which is a part of the general fund.

The APS is responsible for the management of the City's parking facilities including lots and garages. The Auto Parking System is accounted for as an enterprise fund, the Automobile Parking Fund. The APS contracts out the management of the parking facilities. These contractors are responsible for the day-to-day operations and maintenance of the facilities. The APS is also responsible for the management and oversight of the contract for Cobo and Joe Louis Arenas.

The function of the PVB is to enforce the City's on-street parking ordinances, process all violation notices for payment, and collect the payments associated with the violations. Currently the MPD contracts out the processing and collections portion of this process.

The current director of the MPD is Shawntuan DeBerry. She was appointed director of the department in September 2007. Prior to her appointment as director Ms. DeBerry was Deputy Director of MPD. Ronald Ruffin served as the director of the department prior to his retirement in August 2007. The following table shows the budgeted appropriations, revenues and number of staff for the MPD for the 2006-2007 and 2007-2008 fiscal years broken down by enterprise fund and general fund.

	Fiscal Year Ended	
	2007	2008
General Fund	\$ 9,323,596	\$ 9,594,828
Enterprise Fund	33,366,152	30,895,527
Budgeted Appropriations	\$ 42,689,748	\$ 40,490,355
General Fund	\$ 14,350,000	\$ 14,451,778
Enterprise Fund	33,366,152	30,895,527
Budgeted Revenues	\$ 47,716,152	\$ 45,347,305
Net Tax Cost	\$ (5,026,404)	\$ (4,856,950)

	Fiscal Year Ended	
	2007	2008
General Fund Positions (PVB)	65	64
Enterprise Fund Positions (APS)	52	52
Total Positions	117	116

The MPD has two imprest cash accounts. The APS has an authorized account of \$2,000, \$1,300 of which is kept in a checking account, with the balance kept in currency. The PVB has an authorized account of \$900, with \$750 kept in a checking account and the balance kept as currency by Affiliated Computer Services (ACS), the contractor that provides the processing of parking tickets and the collection of fines. The two accounts are maintained separately, although key personnel are essentially the same; each account has one person that is not involved in the other account.

STATUS OF PRIOR AUDIT FINDINGS

The prior audit of the Municipal Parking Department, for the two years ended June 30, 2006, by the Office of the Auditor General included the cash related findings listed below.

1. The Municipal Parking Department Does Not Properly Monitor the Contract with Olympia for the Operation and management of Joe Louis Arena and Cobo Arena.
This finding has not been resolved and is discussed in Findings 1 and 2 on pages 7 and 10 of this report.
2. The Municipal Parking Department Does Not Verify Revenue Received from Olympia for Joe Louis Arena and Cobo Arena.
This finding has not been resolved and is discussed in Findings 1 and 2 on pages 7 and 10 of this report.
3. The Municipal Parking Department Does Not Adequately Monitor the Operation of the Joe Louis Arena Garage and Does Not Properly Verify the Revenue Received.
This finding has not been resolved and is discussed in Findings 1 and 2 on pages 7 and 10 of this report.

AUDIT FINDINGS AND RECOMMENDATIONS

1. The Municipal Parking Department Did Not Adequately Manage Its Financial Processes

The Office of the Auditor General (OAG) found the following conditions:

Managing Revenue

- The Parking Violations Bureau (PVB) and the Auto Parking System (APS) management do not verify, audit or otherwise confirm the revenues reported by the contractors although the contracts permit audits. PVB is unable to provide a list of outstanding parking violations or the amount owed to the City for these violations.
- Revenue reports for each facility received from the management companies show monthly revenues that vary widely from the report showing revenue deposited for each facility, sometimes by as much as \$111,000. The reports also show months of no revenue for active facilities such as the Ford Underground Garage. There was no evidence of any review of these reports and the Municipal Parking Department (MPD) management was unable to provide an explanation to the OAG for the large variances and the lack of reported revenue.
- MPD stated that they controlled the Woodward Lots but that the Planning and Development Department (P&DD) took them over in April of 2008 because of a pending development deal, and that P&DD is paying MPD \$23,000 per month from the revenue of the lots. The P&DD indicated that the Woodward Lots were always under the purview of P&DD and that P&DD no longer wanted MPD to manage the lots because they believed P&DD could make the lots more profitable than MPD. Neither department has written documentation concerning this transaction.

Safeguarding of Assets

- The MPD did not keep adequate records of the assets for which they were responsible. Although management stated that one parking lot, which appeared on their October 2005 list of facilities, had been sold, they were unable to provide any information as to when it was sold.
- The MPD allowed a portion of its imprest cash to be held off-site by a contractor.
- MPD management was not clear as to how much imprest cash had been given to Affiliated Computer Systems (ACS). One manager stated it was \$200, the imprest cash reconciliation form shows \$165 and it is actually \$150.
- The MPD did not properly reconcile its bank accounts.

Contract Management

- During the prior audit, the OAG found that the MPD was not properly managing the contract with Olympia Entertainment, and was not properly verifying the revenue received from Olympia for Joe Louis Arena, Cobo Arena, and the Joe Louis Arena Parking Garage. The MPD has not shown during this audit that they have corrected any of these problems. Evidence has shown that the lack of oversight of the Olympia contracts extends to other areas of the MPD including management of other parking facility contracts, and management of the PVB's contract for the processing of parking tickets, and the collection of fines.
- MPD stated they did not have the right to audit contracts for the management of the facilities and Affiliated Computer Systems (ACS). A review of the contracts found that both the ACS contract and the facility management contracts, excluding Olympia, contain the City's standard right to audit clause.
- MPD was unable to produce current rates for the parking facilities. The most recent information they could provide was dated October 2005.

Financial Reporting

- In its reporting of revenue to the City's Finance Department, as part of the City's Comprehensive Annual Financial Report, the MPD was unable to clearly show the total dollars due to the City for outstanding parking violations, and was unable to explain to the Finance Department when fines for non-payment were added to the cost of the ticket.
- Every month the MPD prepares a report for the Finance Department that shows the movement of revenue from the bank accounts in which cash receipts are deposited to the trust account that is used to pay the bonds on the parking facilities. This report is called the waterfall report. The MPD did not explain satisfactorily how this report was prepared and what it shows.

It is a primary responsibility of the management of all City departments to effectively and efficiently manage their operations. This includes managing and maximizing revenues, providing oversight of all contracts, safeguarding assets, maintaining complete and accurate financial records, and providing quality services to citizens.

The lack of effective management can lead to lost revenue, fraud, misuse and abuse of the City's funds, misstatements in the City's financial records, and poor quality services.

The MPD was unwilling or unable to provide a cause for these conditions.

Recommendations

We recommend that the MPD:

- Reorganize its management structure to enable the department to maximize its revenue potential.
- Strengthen its oversight of the revenue contracts and verify the revenue received from the contractors.
- Give the Manager II of both the APS and PVB the responsibility for review and approval of reconciliations of the bank accounts, and review and verification of revenue.
- Establish accounting procedures and reports that will ensure that accurate financial information is available on a timely basis.

We also recommend that the Mayor's Office determine whether it is appropriate to have two different City agencies, the MPD and the P&DD responsible for operating parking facilities.

2. The Municipal Parking Department Did Not Exercise Adequate Control and Oversight of Its Cash Related Processes

The management of the MPD lacks proper control and oversight of the cash related processes in both the APS and the PVB, specifically:

For the APS:

- The reconciliations of the bank accounts were not properly prepared and reconciled to the Detroit Resource Management System (DRMS) account.
- The reconciliations contain numerous errors, including: incorrect amounts for outstanding checks; checks that were outstanding but not included on the reconciliations; incorrect bank figures were sometimes used; and an unsupported amount listed as cash-on-hand was repeatedly included on the reconciliations as part of the checking account. MPD indicated that this amount represents sales tax that was paid and was not reimbursable.
- There were no signatures or dates on reconciliations indicating review or approval by management. There were errors on the reconciliations that were not detected and have not been corrected.
- Cash deposits made by the facility management companies into the City's bank account were not reconciled to the daily revenue reports submitted to the MPD by the facility management companies.
- Management was unable to provide accurate data related to the current fee structure at the parking facilities. The information provided was dated October 10, 2005 and listed one facility that had been sold and one that had been demolished. Further, the names of the facility operators were not current.
- All control over the financial processes was vested in one manager resulting in inadequate segregation of management responsibilities.

For the PVB:

- In its reporting of revenue to the City's Finance Department, as part of the City's Comprehensive Annual Financial Report, the MPD was unable to clearly show the total dollars due to the City for outstanding parking violations, and was unable to explain to the Finance Department when fines for non-payment were added to the cost of the ticket.
- The Manager II of the PVB did not receive copies of bank reconciliations from the Manager I-Finance Manager and was not even sure if they were completed. Primary control of PVB financial operations rests with the APS Manager I-Finance Manager. Information was not always shared with the management of PVB.
- Revenue collected by ACS, the PVB contractor responsible for processing and collecting parking fines, was not reconciled to verify that the revenue reported by the contractor was the revenue deposited by the contractor into the City's bank account.

Proper control and oversight of cash is a core responsibility of management. Adequate management requires oversight and proper review of financial documents.

Inadequate control and oversight allows for mistakes to go undetected and the possibility of fraud being committed, revenue lost or misuse and abuse of the City's funds.

The MPD was unwilling or unable to provide a cause for the lack of adequate management control and oversight.

Recommendations

We recommend that the MPD:

- Provide more active oversight of the contracts to manage the facilities and for the collection of revenues for both the APS and the PVB.
- Institute better financial controls including proper reconciliation of bank accounts and proper verification of revenue.
- Assign the Manager II's of each division the responsibility for approval of reconciliations and financial transactions.

3. The Imprest Cash Custodian Lacks Control Over the Imprest Cash Funds

The Director of the MPD is the custodian designated by the MPD of the imprest cash funds but does not have custody of the funds. Responsibility for imprest cash is divided among six people.

- The Director is one of the signers on the two imprest cash checking accounts. Checks can be signed by the other authorized signers without the custodian's signature or approval.
- The Principal Accountant has physical custody of the checkbooks and prepares the reconciliations.
- A Building Maintenance Operator Supervisor and a Meter Repair Foreman maintain undocumented sub-accounts of the APS imprest cash fund and approve the purchases from these accounts.
- ACS, a PVB contractor, maintains custody of the PVB cash sub-account.
- The Manager I – Finance Manager approves transactions, receives the bank statements, approves the reconciliations and oversees the funds.

The Imprest Cash Manual requires that an imprest cash custodian and alternate be named in order to establish an imprest cash fund. By definition, a custodian is one who takes charge of safekeeping property; therefore, physical control of the funds is required to fulfill the duties of a custodian.

Imprest cash funds are susceptible to misuse, theft, and other loss. By not having physical custody of the imprest cash fund, the custodian's control and accountability is weakened. Imprest cash transactions can be made without the knowledge or approval of the custodian.

The MPD indicated that the Director has always been listed as the custodian, but not maintained actual custody of the checkbooks and cash.

Recommendation

We recommend that the MPD:

- Establish control over the imprest cash fund by giving the imprest cash custodian, or alternate custodian of record, physical custody of the imprest cash fund.
- The custodian should be required to be one of the two signers on all imprest cash checks.
- Have bank statements sent to and reconciled by someone independent of the approval process.
- Properly establish and maintain any necessary sub-accounts.
- Eliminate the \$150 imprest cash sub-account currently held by ACS.

4. The Actual Amounts of the Municipal Parking Department's Imprest Cash Funds Did Not Agree with the Authorized Amounts

The MPD has two imprest cash accounts, an APS account with an authorized amount of \$2,000 and a PVB account with an authorized amount of \$900. During the surprise cash counts and subsequent testing of supporting documentation, the OAG found the APS account to be short \$3.77 and the PVB account to be short \$15.00. Neither of these shortages were reported to the appropriate agencies.

The Imprest Cash Manual requires:

- At all times the imprest cash fund must agree with the total amount authorized.
- Upon discovery, all losses must be reported to the Mayor's Office, the Finance Department and the Auditor General.

Imprest cash funds are susceptible to misuse, theft, and other loss. Failure to follow the controls of the Imprest Cash Manual and other relevant policies increases the risk that discrepancies, loss, or misuse of imprest cash monies will not be identified and resolved promptly.

The MPD had no explanation for either shortage or why the shortages were not detected. The petty cash given to and receipted by ACS was \$150. The amount included on the imprest cash reconciliation of the PVB account was \$165. The cash count performed by the OAG confirmed the \$150 amount. The MPD was unable to provide documentation of the last time a count was conducted of the ACS cash.

Recommendations

We recommend the MPD:

- Report all shortages as required by the Imprest Cash Manual.
- Conduct monthly physical counts of cash for both accounts.
- Eliminate the ACS petty cash. If the ACS petty cash is continued, re-design the PVB reconciliation form to include a monthly count of the actual amount of cash held by ACS.

5. The Municipal Parking Department Did Not Fully Comply With the City's Imprest Cash Policies and Procedures

Neither the APS nor the PVB imprest cash was administered in conformance with City policies and procedures. Specifically:

- The MPD did not conduct quarterly independent audits of its imprest cash funds and retain written records of such audits for review by the Auditor General.
- Shortages in the imprest cash funds were not documented properly.
- The MPD deposited citizens' checks to pay for court hearing transcripts into the PVB imprest cash account commingling imprest cash funds with other funds.
- Receipts were not signed by the person making the purchase.
- There were two cash sub-accounts that were not properly established and documented.
- Reimbursement requests were not always submitted within 30 days after the end of the month in which the purchase was made.
- The PVB imprest cash fund has a cash sub-account maintained by the MPD's contractor, ACS, not maintained by the custodian of record, or any City employee.
- Reimbursement requests payable to the former custodian were submitted to Accounts Payable after the former custodian had retired.
- Imprest cash funds were used to refund to monthly parking customers' deposits on parking passes without permission from the Finance Department.

The Imprest Cash Manual requires:

- At a minimum, quarterly audits of the imprest cash fund must be performed and written records must be retained until the next audit by the Auditor General.
- All shortages must be documented and reported immediately to the Mayor's Office, the Finance Department and the Office of the Auditor General.
- Imprest cash funds not be commingled with other funds.
- Each invoice, sales ticket and receipt for imprest cash purchases must show the date paid, be signed by the employee making the purchase, and clearly indicate the purpose or function of the purchase.
- The custodian of the imprest cash fund must keep a written statement signed by the custodian and approved by a supervisor indicating the amount of the imprest cash fund retained in cash.

- Changes in the custodian must be reported promptly to the Finance Department - Accounts Payable Section.
- Refunds made from imprest cash require prior approval from the Finance Department.

Other City policies require that all reimbursement requests must be made within 30 days from the end of the month in which the original purchase was made.

By definition, a custodian is one who takes charge of safekeeping property; therefore, physical control of the cash is required to fulfill the duties of a custodian.

Imprest cash funds are susceptible to misuse, theft, and other loss. Failure to follow the controls of the Imprest Cash Manual and other relevant policies increases the risk that discrepancies, loss, or misuse of imprest cash monies will not be identified and resolved promptly. Failure to reconcile and conduct quarterly audits of the imprest cash fund permitted the discrepancies in the funds to remain undiscovered and unresolved.

The MPD indicated it did not have an up-to-date imprest cash manual and were not aware of all of the requirements.

Recommendations

We recommend that the MPD fully comply with the Imprest Cash Manual including:

- Performing a random and independent audit of the imprest cash funds at least quarterly, and documenting the results. Documentation of the audits should be retained until the next audit by the Auditor General.
- Submitting all reimbursement requests within thirty days after the end of the month in which the original purchase was made.
- Properly documenting all sub-accounts.
- Obtaining Finance Department approval for making parking deposit refunds from imprest cash.

FINDINGS RELATED TO THE FINANCE DEPARTMENT

1. The Finance Department's Imprest Cash Records Were Not Accurate

In September 2008, the Finance Department's Imprest Cash Fund Detail report indicated the former director as the custodian of the Imprest Cash Account. The former director retired from the Municipal Parking Department (MPD) in September 2007. The MPD requested the custodian be changed to the current director by letter dated January 29, 2008.

Updated and complete records are required in order to provide proper oversight of the City's imprest cash funds. The Finance Department is responsible for oversight of the imprest cash funds.

Failure to maintain accurate records of imprest cash custodians may result in imprest cash transactions being improperly authorized or reimbursed.

The Finance Department indicates that staff reductions in the Finance Department have resulted in the lack of qualified staff to keep the records accurately and to maintain the proper controls necessary.

Recommendation

We recommend that the Finance Department assign qualified staff to oversee the imprest cash accounts and to maintain current and accurate documentation of the accounts.

2. The Finance Department Did Not Properly Maintain and Review Year-end Documents

The Finance Department was unable to provide all of the requested year-end documentation for the MPD. Only one of the six requested documents was available.

The purpose of the year-end closing exhibits is to ensure that financial data is correctly recorded in the financial records of the City. This purpose can be accomplished only if the information is reviewed and verified by the Finance Department.

Failure to adequately review the information and follow up on discrepancies or errors can result in erroneous information being included in the financial records of the City. It also permits errors to remain uncorrected.

It has been the intent of the Finance Department to review and verify the data on the year-end closing exhibits, but due to the requirements of completing the Comprehensive Annual Financial Report and the lack of Finance Department personnel, this review and verification has not been performed.

Recommendation

We recommend that the Finance Department assign qualified staff to the review for accuracy and investigate any discrepancies found in the year-end documentation to ensure that the information provided is correct, that the documents serve their intended purpose, and to ensure that the records are properly maintained.



CITY OF DETROIT
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Attachment A

April 13, 2009

Mr. Loren E. Monroe
Auditor General
City of Detroit
208 Coleman A. Young Municipal Center
Detroit, MI 48226

Dear Mr. Monroe:

The following represents the Municipal Parking Department's responses to the indicated findings and related recommendations in the June 2008 audit of the Municipal Parking Department, as prepared by the Office of the Auditor General. Our responses include the actions taken or to be taken regarding the recommendations. Although there are some items identified in your report that are not necessarily accurate, MPD will uphold the recommendations and correct any deficiencies that were discovered by your office.

MPD acknowledges the current opportunities to implement stronger safeguards as it pertains to the financial processes within the department. MPD has worked in the past to improve its overall financial controls. We have sought to not just simply meet compliance standards, but also to exceed them. To this end, the department has developed the following Plan of Action to address deficiencies demonstrated by the AG's Office:

1. Engage in an intensive review of the current department processes;
2. Create and implement comprehensive financial work flows that include accurate adherence to financial reporting procedures; strict adherence to all City financial policies and procedures;
3. Verify and reconcile department revenues with timely submissions and sign-offs on all financial documents;
4. Evaluation of staff financial knowledge, skills, and procedures;
5. Training of staff in subject matters that directly relate to the highest performance and protection of City assets; and a
6. Quarterly review of processes to ensure a system of internal controls that minimize errors and provide necessary safeguards to properly monitor, understand and manage the financial processes of the department.



Finding No. 1. the Municipal Parking Department Did Not Adequately Manage its Financial Processes

Department's Response

Whereas the exit interview with the Auditor General identified inaccurate statements that were written within this section of the audit report, MPD Management will comply with the Auditor General's recommendations to better manage its financial processes.

Finding No. 2. The Municipal Parking Department Did Not Exercise Adequate Control and Oversight of its Cash Related Processes

Department's Response

Whereas the exit interview with the Auditor General identified inaccurate statements that were written within this section of the audit report, MPD Management will institute additional internal control measures that will strengthen the department's financial processes.

Finding No. 3. The Imprest Cash Custodian Lacks Control Over the Imprest Cash Funds

Department's Response

MPD will comply with the Auditor General's recommendation to implement additional internal controls relating to its Imprest Cash Account.

Finding No. 4. The Actual Amounts of the Municipal Parking Department's Imprest Cash Funds Did Not Agree with the Authorized Amounts

Department's Response

MPD Management will fully comply with the Auditor General's recommendations to correct this deficiency. MPD has already revised its policies and procedures for Imprest Cash as a result of the exit interview with the Auditor General.

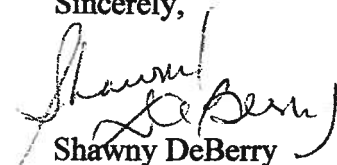


Finding No. 5. The Municipal Parking Department Did Not Fully Comply With the City's Imprest Cash Policies and Procedures

Department's Response

MPD Management will comply with the City's Draft Imprest Cash Policies and Procedures that was provided to MPD by the Auditor General's Office.

Sincerely,


Shawny DeBerry
Director

CC: Mayor Kenneth V. Cockrel
Honorable City Council
Joseph L. Harris, Chief Financial Officer
Arese Robinson, City Council Liaison
Barbara Worden, Auditor General Office
Jill Kilbourn, Auditor General Office
Simeon Ohakpo, Finance Manager I
Roi Chinn, MPD



Attachment B

March 27, 2009

Loren E. Monroe, Auditor General
Office of the Auditor General
2 Woodward Avenue
Coleman A. Young Municipal Center, Room 208
Detroit, Michigan 48226

Dear Mr. Monroe:

The following presents the Finance Department's response for the indicated findings and related recommendations in the June 2008 audit of the Municipal Parking Department, as prepared by the Office of the Auditor General. Our responses include the actions taken or to be taken regarding the recommendations and the implementation dates or the targeted implementation dates for those actions.

Finding Related to Other Departments No. 1. The Finance Department's Imprest Cash Records Were Not Accurate

Department's Response:

The Finance Department agrees with the Auditor General's finding and recommendations. As a result, the Finance Department's Accounts Division will correct its Imprest Cash Fund Detail to reflect the current custodian immediately.

Finding Related to Other Departments No. 2. The Finance Department Did Not Properly Maintain and Review Year-end Documents

Department's Response:

The Finance Department agrees with this finding and recommendations. As a result, the Finance Department will properly maintain and review year-end documents from the next year-end review period.

Sincerely,



Joseph L. Harris
Chief Financial Officer

JLH:VR:vr

Cc: Vance Russell
Mike Bridges
Dave Capobres

